

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
2004-001

2. STATE
MS

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
February 1, 2004

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
State Law (House Bill 1000 – 2001 Legislative Session)

7. FEDERAL BUDGET IMPACT:
a. FFY **2004** \$ **2,739,427**
b. FFY **2005** \$ **5,627,700**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-D, Pages 7, 14, 66, 82, 99, 101, 109-113, 129, 132, 164 and 174

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
Attachment 4.19-D, Pages 7, 14, 66, 82, 99, 101, 109-113, 129, 132, 164 and 174

10. SUBJECT OF AMENDMENT: This State Plan Amendment is being filed to allow the Division of Medicaid to add a classification for nursing facilities for the severely disabled. A copy of the House Bill that was signed by the Governor will be sent to CMS attached to this form.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: **Warren A. Jones, M.D.**

14. TITLE: **Executive Director**

15. DATE SUBMITTED: **March 4, 2004**

16. RETURN TO:

**Warren A. Jones, M.D., Executive Director
Miss. Division of Medicaid
Attn: Rose Compere
239 North Lamar Street, Suite 801
Jackson, MS 39201-1399**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
MAR - 9 2004

18. DATE APPROVED:
MAY 17 2004

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
FEB - 1 2004

21. TYPED NAME: **Charlene Brown**

20. SIGNATURE OF REGIONAL OFFICIAL:

Burns Smith
22. TITLE: **Deputy Director, CMSO**

23. REMARKS:

<u>Chapter or Section Number</u>	<u>Subject</u>	<u>Page</u>
A.	Submission of MDS Forms	83
B.	Assessments Used to Compute a Facility's Average Case Mix Score	84
C.	Audits of the MDS	85
D.	Error Reports, Roster Reports, Bed Hold Reports, and Discharge/Admission Reports	86
E.	MDS+ Forms Which Can Not Be Classified	88
F.	Failure to Submit MDS Forms	88
3-3	Resident Classification System	89
3-4	Computation of Per Diem Rate for Nursing Facilities	98
A.	Direct Care Base Rate and Care Related Rate Determination	99
B.	Direct Care Access and Quality Incentives	107
C.	Case Mix Adjusted Per Diem Rate	108
D.	Therapy Rate for PNFSD	109
E.	Administrative and Operating Rate	110
F.	Property Payment	112
G.	Return on Equity Payment	129
H.	Total Base Rate	132
3-5	Occupancy Allowance	132
3-6	State Owned NF's	133
3-7	Adjustments to the Rate for Changes in Law	133

TN NO	2004-001	DATE RECEIVED	MAR - 9 2004
	SUPERSEDES	DATE APPROVED	MAY 17 2004
TN NO	99-02	DATE EFFECTIVE	FEB - 1

CHAPTER 1**PRINCIPLES AND PROCEDURES**1-1 General Principles

A facility's direct care costs, therapy costs, care related costs, administrative and operating costs and property costs related to covered services will be considered in the findings and allocation of costs to the Medical Assistance Program for its eligible recipients. Costs included in the per diem rate will be those necessary to be incurred by efficiently and economically operated nursing facilities that comply with all requirements of participation in the Medicaid program with the exception of services provided that are reimbursed on a fee for service basis or as a direct payment outside of the per diem rate.

1-2 Classes of Facilities

Specific classes are used as a basis for evaluating the reasonableness of an individual provider's costs. The classes consist of Small Nursing Facilities (1 - 60 beds), Large Nursing Facilities (61 or more beds), Private Nursing Facilities for the Severely Disabled (PNFSD), Residential Psychiatric Treatment Facilities (PRTF), and Intermediate Care Facilities for the Mentally Retarded (ICF-MR).

TN NO 2004-001

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DATE EFFECTIVE

MAR - 9 2004
MAY 17 2004
FEB 1

supplements; materials and supplies for the operation, maintenance and repair of buildings, grounds and equipment; bank service charges other than insufficient check charges; linens and laundry alternatives; and postage. Medical supplies necessary for the provision of care in order to attain or maintain the highest practicable physical, mental, and psychosocial well-being of each resident, as determined by resident assessments and individual plans of care are allowable costs. Any supplies or equipment ordered by a resident's attending physician must be provided by the facility and will be an allowable cost as a supply expense or, in the case of equipment in excess of \$500, as described in Paragraph 7 of this section.

18. Therapy Expenses. Costs attributable to the administering of therapy services should be reported on Form 6, Line 2. Therapy expenses will be included in the per diem rate for PNFSD, PRTF and ICF-MR providers. Therapy expenses for Small Nursing Facilities and Large Nursing Facilities will be reimbursed on a fee for service basis.

TN NO 2004-001 DATE RECEIVED MAR - 9 2004
SUPERSEDES DATE APPROVED MAY 17 2004
TN NO 94-18 DATE EFFECTIVE FEB - 1 2004

CHAPTER 3

RATE COMPUTATION - NURSING FACILITIES

3-1 Rate Computation - Nursing Facilities - General Principles

It is the intent of the Division of Medicaid to reimburse nursing facilities a rate that is adequate for an efficiently and economically operated facility. An efficiently and economically operated facility is defined as one with direct care and care related costs greater than 90% of the median and less than the maximum rate, therapy costs of PNFSD less than the maximum rate, administrative and operating costs of less than the maximum rate, property costs that do not require a payment of the hold harmless provision and an occupancy rate of 80% or more.

3-2 Resident Assessments

All nursing facilities shall complete a Minimum Data Set 2.0, including sections S, T, and U (MDS) form on all residents, in accordance with the policies adopted by the Division of Medicaid, Case Mix Office and meet the scheduling criteria outlined in the MDS manual.

TN NO 2004-001
SUPERSEDES
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DATE RECEIVED
DATE APPROVED
DATE EFFECTIVE

MAR - 9 2004
MAY 17 2004

FEB - 1

reports used to calculate the rate will be the cost report filed for the period ending in the second calendar year prior to the beginning of the next calendar rate year. For example, the rates effective January 1, 2001 will be determined from cost reports filed for the year ended June 30, 1999 for state owned facilities, for the year ended September 30, 1999 for county owned facilities and for the year ended December 31, 1999 for all other facilities, unless a short period cost report and rate calculation is required by other provisions of this plan.

In order to change to the case mix weights for the version 5.12 of the Mississippi M³PI on January 1, 1999, the standard rates for direct care and care related costs will be re-calculated, including the ceiling and the median, for the period January 1, 1999 - June 30, 1999. This re-calculation will include running the case mix scores for the cost report periods used to establish those rates using the version 5.12 weights.

A description of the calculation of the per diem rate is as follows:

A. Direct Care Base Rate and Care Related Rate Determination

Direct care costs include salaries and fringe benefits for registered nurses (RN's), (excluding the Director of Nursing, the Assistant Director of Nursing and the Resident Assessment Instrument (RAI) Coordinator), licensed practical nurses (LPN's) and nurse aides, contract RN's, LPN's, and nurse aides, medical supplies and other direct care supplies.

TN NO	2004-001	DATE RECEIVED	MAR - 9 2004
	SUPERSEDES	DATE APPROVED	MAY 17 2004
TN NO	99-14	DATE EFFECTIVE	FEB - 1

6. Determine the ceiling and floor for direct care and care related costs together for small and large nursing facilities and separately for PNFSD's as follows:
- A. Prepare an array of the small and large nursing facilities; their associated trended direct care and care related costs, summed; and their annualized total patient days. Prepare a separate array of the PNFSD's.
 - B. Arrange the data in order from lowest to highest cost for each array.
 - C. Add to each array the cumulative annualized total patient days by adding in succession the days listed for each facility.
 - D. Determine the median patient days by multiplying the total cumulative patient days by fifty percent (50%) and locate the median patient days on each array.
 - E. Determine the median costs by matching the median patient days to the cost associated with the median patient day for each array. This may care and care related costs is require interpolation.
 - F. The ceiling for direct determined by multiplying the median cost for each array by one hundred twenty percent (120%). The floor is
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TN NO 2004-001
SUPERSEDES
TN NO 93-08

DATE RECEIVED MAR - 9 2004
DATE APPROVED MAY 17 2004
DATE EFFECTIVE FEB - 1 2004

will be determined by multiplying the standard direct care rate by the average case mix for the quarter January 1, 1993 through March 31, 1993. This will result in the case mix adjusted direct care per diem rate. This is added to the care related per diem rate, the therapy per diem rate for PNFSD's only, the administrative and operating per diem rate, the per diem fair rental payment, the per diem hold harmless, and the per diem return on equity capital to compute the facility's total per diem rate for the calendar quarter. The direct care per diem base rate, the care related per diem rate, the therapy per diem for PNFSD's only, the administrative and operating per diem rate, the per diem fair rental payment, the per diem hold harmless and the per diem return on equity capital are computed annually and are effective for the period January 1 through December 31. The case mix adjustment is done quarterly to determine the total rate for the periods January 1 through March 31, April 1, through June 30, July 1 through September 30, and October 1 through December 31.

D. Therapy Rate for Private Nursing Facilities for the Severely Disabled

Therapy costs include salaries and fringe benefits or contract costs of therapists and other direct costs incurred for therapeutic services.

1. Determine the per diem therapy cost for each Private Nursing Facility for the Severely Disabled during the cost report period. (Divide therapy cost by total period patient days.)
2. Trend each facility's therapy per diem cost to the middle of the rate year using the trend factor as defined in Chapter 7.

TN NO 2004-001
 SUPERSEDES
 TN NO 99-14

DATE RECEIVED MAR - 9 2004
 DATE APPROVED MAY 17 2004
 DATE EFFECTIVE FEB - 1

3. Determine the ceiling for therapy costs as follows:

- A. Prepare an array for the classification, including the facility names, the associated trended therapy costs, and the annualized total patient days.
- B. Arrange the data from lowest to highest cost.
- C. Add to each array the cumulative annualized total patient days by adding in succession the days listed for each facility.
- D. Determine the median patient day by multiplying the total cumulative patient days by fifty percent (50%) and locate the median patient day on each array.
- E. Determine the median cost by matching the median patient day to the associated costs. This may require interpolation.
- F. Multiply the cost at the median patient day by 105% to determine the ceiling.

4. Determine the therapy per diem rate for each facility. If the facility's therapy cost is above the ceiling, its therapy rate is the ceiling. If the facility's cost falls below the ceiling, then its therapy rate is its trended cost.

E. Administrative and Operating Rate

Administrative and operating costs include salaries and fringe benefits for the administrator, assistant administrator, dietary, housekeeping, laundry, maintenance, medical records, owners and other administrative staff. These costs also include contract costs for dietary, housekeeping, laundry and maintenance, dietary and medical records consultants, accounting

TN NO	2004-001	DATE RECEIVED	MAR -9 2004
	SUPERSEDES	DATE APPROVED	MAY 17 2004
TN NO	93-08	DATE EFFECTIVE	FEB 1

ATTACHMENT 4.19-D

fees, non-capital amortization, bank charges, board of directors fees, dietary supplies, depreciation expense for vehicles and for assets purchased that are less than the equivalent of a new bed value, dues, educational seminars, housekeeping supplies, professional liability insurance, non-capital interest expense, laundry supplies, legal fees, linens and laundry alternatives, management fees and home office costs, office supplies, postage, repairs and maintenance, taxes other than property taxes, telephone and communications, travel and utilities.

1. Determine the per diem administrative and operating cost for each facility during the cost report period. (Divide administrative and operating cost by total period patient days. Patient days will be increased, if necessary, to 80% occupancy.)
2.

Trend each facility's administrative and operating per diem cost to the middle of the rate year using the trend factor as defined in Chapter 7. This is done by multiplying the trend factor in order to trend costs forward from the mid-point of the cost report period to the mid-point of the payment period.
3. Determine the ceiling for administrative and operating costs for each classification as follows:
 - A. Prepare an array for each nursing facility classification. Each array should include the facility names, their associated trended administrative and operating costs, and their annualized total patient days.
 - B. Arrange the data in each array from lowest to highest cost.

TN NO	<u>2004-001</u>	DATE RECEIVED	MAR - 9 200
	SUPERSEDES	DATE APPROVED	<u>MAY 17</u>
TN NO	<u>97-04</u>	DATE EFFECTIVE	<u>FEB 7</u>